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Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 TRSE-00 AID-05 FRB-03 OMB-01
CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 ICA-11 SP-02
COME-00 XMB-02 SSC-01 /059 W
----------097695 241826Z /47
P 241646Z AUG 78
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC PRIORITY 1349

C O N F I D E N T I A L TEGUCIGALPA 4070

E.O. 11652: GDS
TAGS: PGOV, EINV, EAID, EFIN, HO
SUBJ: CHANGES IN HONDURAN ECONOMIC LEADERSHIP

REF: (A) STATE 203959, (B) STATE 209564, (C) TEGUCIGALPA 3944

1. ALMOST ALL "ECONOMIC TEAM" APPOINTMENT HAVE NOW BEEN MADE. ONLY STATUS OF CENTRAL BANK PRESIDEN GUILLERMO BUESO IS STILL NOT CLEAR.

A. THE FOLLOWING CABINET MINISTERS WERE RECONFIRMED:

--MINISTER OF FINANCE: PORFIRO ZAVALA
--MINISTER OF NATURAL RESOURCES: RAFAEL LEONARDO CALLEJAS
--AGRARIAN REFORM INSTITUTE: FABIO SALGADO
--MINISTER OF ECONOMY: BENJAMIN VILLANUEVA
--MINISTER OF COMMUNICATIONS & PUBLIC WORKS: LT.COL. MARIO FLORES THERESIN

B. THE FOLLOWING WERE PROMOTED FROM DEPUTY POSITIONS FROM WITHIN THE RESPECTIVE INDEPENDENT AGENCIES, THUS ASSURING CONTINUITY.

--INVESTMENT DEVELOPMENT (CONADI): AUGUSTO COELLO
--FORESTRY CORPORATION (COHDEFOR): LT.COL. DAGOBERTO GOMEZ SUAZO
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--BANANA CORPORATION (COHBANA): RODOLFO ALVAREZ BACA
--ELECTRIC POWER (ENEE): ANGEL ALBERTO BOESCH MATUTE, (A CIVIL ENGINEER, WHO HAS HELD VARIOUS POSITIONS OF RESPONSIBILITY IN ENEE SINCE 1961, SUCH AS CHIEF OF THE RIO LINDO HYDRO-ELECTRIC PROJECT, CHIEF OF YOJOA-RIO LINDO HYDROELECTRIC EXPANSION PROJECT, CHIEF OF ELECTRIFICATION PROJECT IV, CHIEF OF THE EL CAJON PROJECT, AND DEPUTY MANAGER FOR CONSTRUCTION

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AND SPECIAL PROJECTS. HE SPEAKS ENGLISH AND HAS TRAVELLED TO THE US, BRAZIL, ITALY AND OTHER COUNTRIES FOR STUDIES, CONFERENCES AND SEMINARS RELATING TO HYDROELECTRIC POWER).

C. THE NOMINATION OF CONSUPLANE OF VALENTIN MENDOZA, AS FORMER HEAD OF THE PLANNING AGENCY AND ALSO FORMER MANAGER OF THE CENTRAL BANK, WAS INTENDED TO PUT A PERSON OF SOME COMPETENCE AND STRENGTH IN THE COUNTRY'S KEY ECONOMIC PLANNING MINISTRY.

D. PORT AUTHORITY (ENP): TEODORICO SIERRA, WHO HAS 16 YEARS OF DEVELOPMENT EXPERIENCE WITH THE CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION (CABEI). THIS EXPERIENCE INCLUDED RESPONSIBILITY SUCH ENP PROJECTS AT EL HENECAN (NEW PORT ON PACIFIC), PUERTO CASTILLA (ATLANTIC) AND THE PUERTO CORTES FREE ZONE, AMONG OTHERS.

E. THE RE-APPOINTMENT OF GUILLERMO BUESO AS CENTRAL BANK PRESIDENT HAS NOT YET BEEN ANNOUNCED OFFICIALLY. EMBASSY BELIEVES HIS ARMED FORCES SUPERIOR COUNCIL DESIRE FOR HIS DISMISSAL WAS PROMPTED, LIKE THAT OF CESAR BATRES, BY HIS CLOSE ADVISORY ROLE TO GENERAL MELGAR. THAT ROLE WAS APOLITICAL AND LESS PERSONAL, HOWEVER AND MAY HAVE LED TO RECONSIDERATION. THERE ARE REPORTS THAT INFLUENTIAL BANKERS AND OTHER HAVE MOVED TO SUPPORT HIS REAPPOINTMENT. FOREIGN MINISTER PALMA GALVEZ TOLD AMBASSADOR JARAMILLO AUGUST 16 THAT THIS IS UNDER CONSIDERATION AND GENERAL PAZ ASSURED HER THAT BUESO WOULD REMAIN IN THIS POST. BUESO HIM-
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SELF HAS MADE NO DEFINITE PUBLIC COMMENT. HE DID MEET FOR TWO HOURS WITH THE JUNTA AUGUST 22. ASKED BY REPORTERS IF THIS MEANT HE WOULD BE STAYING, BUESO REPLIED THAT THE DECISION WAS UP TO THE JUNTA, INDICATING HE WOULD STAY IF ASKED (BUT ALSO INDICATING HE IS NEGOTIATING WITH THE JUNTA REGARDING THE CONTINUING INTEGRITY AND INDEPENDENCE OF THE CENTRAL BANK SHOULD HE STAY).

2. AT A DEDICATION CEREMONY FOR A MAJOR PUBLIC WORKS PROJECT ON AUGUST 12, GENERAL POLICARPO PAZ, PRESIDENT OF THE NEW MILITARY JUNTA, EXPRESSED CONTINUING COMMITMENT OF THE ARMED FORCES LEADERSHIP TO ECONOMIC AND SOCIAL DEVELOPMENT AS FOLLOWS:

A. QUOTE SINCE THE ARMED FORCES ASSUMED THE DELICATE RESPONSIBILITIES OF GOVERNMENT, THEY HAVE GIVEN SPECIAL EMPHASIS TO INFRASTRUCTURE WORKS, WITH THE FULL CONVICTION THAT IT SIGNIFIED THE BASIS FOR ACCELERATED ECONOMIC DEVELOPMENT...SOCIAL INTEGRATION... AND FLOW OF INCOME FROM PRODUCTIVE ACTIVITY. UNQUOTE.

B. HE REAFFIRMED THAT QUOTE THE MILITARY GOVERNMENT WILL CONTINUE TO BE PREOCCUPIED WITH THOSE PROGRAMS WHICH TEND TO HELP REALIZE SOCIAL JUSTICE FOR THE BENEFIT OF THE POOR MAJORITY...AND WILL

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CONTINUE EFFORTS TO GUARANTEE, STIMULATE AND STRENGTHEN PRO-
DUCTIVE ACTIVITIES. UNQUOTE.
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